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SUBJECT: CENTRAL BANK RECEIVES ESF FUNDS

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(B) KINSHASA 271

¶1. (SBU) The Prime Minister's Deputy Chief of Staff, Jean-Claude Nachege, informed post that the Congolese Central Bank (Banque Centrale du Congo, BCC, in French) received on March 27 the approximately \$200 million in IMF emergency assistance under the Rapid-Access Component of the Exogenous Shocks Facility (RAC-ESF). The funds were provided in a single tranche and will augment the BCC's international reserves, which had been at the lowest levels in five years.

¶2. (U) The ESF funds will also provide the BCC with the ability to intervene in the foreign exchange market. The rapid deterioration of the Congolese Franc (CF) against the dollar has been one of the most visible signs of the impact of the global economic crisis on the Democratic Republic of Congo (DRC)'s economy. The CF has lost approximately 30% of its value against the U.S. dollar in the last three months, significantly undermining purchasing power for many Congolese. (Note: Prior to the final quarter of calendar year 2008, the CF had remained stable for almost three years, reflecting the GDRC's tight monetary policy. End note.) The GDRC intervened several times in the foreign exchange market in early 2009 in an effort to mop-up excess liquidity and strengthen the CF. However, with international reserves levels at negligible levels and interest rates having already been raised four times, the BCC had limited ability left to stabilize the CF before the arrival of the ESF monies.

¶3. (SBU) Comment: The Government made no formal statements following the arrival of the funds to the BCC. To our knowledge only four Kinshasa daily newspapers have reported on the receipt of this infusion of much-needed capital. Positive economic developments in the DRC are few and far between these days; since the ESF is, in part, intended to strengthen confidence in and send a positive signal to the market, the GDRC would do well to undertake a more pro-active PR campaign. End comment.

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